

## **CHAPTER 45-06-09**

### **GROUP HEALTH INSURANCE PURCHASING COOPERATIVES**

#### **Section**

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**45-06-09-01. Purpose and intent.** The purpose of this chapter is to further improve the fairness, efficiency, and competition in the pricing and delivering of health care and health care coverage. It does so by allowing for the establishment of joint purchasing entities (purchasing cooperatives) through which eligible small employers can purchase health coverage for their employees.

**History:** Effective August 1, 1994.

**General Authority:** NDCC 26.1-01-07.4

**Law Implemented:** NDCC 26.1-01-07.4

**45-06-09-02. Applicability and scope.** This chapter applies to all health insurance purchasing cooperatives operating in this state or providing coverage to North Dakota residents. Health purchasing cooperatives are subject to the small employer employee health insurance coverage requirements contained in North Dakota Century Code chapter 26.1-36.3. This chapter does not apply to any other health insurance or health care buying or marketing mechanism otherwise permitted by law.

**History:** Effective August 1, 1994.

**General Authority:** NDCC 26.1-01-07.4

**Law Implemented:** NDCC 26.1-01-07.4

#### **45-06-09-03. Definitions.**

1. "Business plan" means the plan of operation of the health insurance purchasing cooperative.
2. "Commissioner" means the commissioner of insurance.
3. "Group" means a collection of small employers subject to the requirements of North Dakota Century Code chapter 26.1-36.3 who elect to join together to form a group health insurance purchasing cooperative. It does not include an industrywide trade association meeting the exemption requirements outlined in subsection 15 of North

Dakota Century Code section 26.1-36.3-07 or any other insurance purchasing group arrangements in existence prior to August 1, 1994.

4. "Health insurance purchasing cooperative" means a group of small employers who join together to purchase health insurance.

**History:** Effective August 1, 1994.

**General Authority:** NDCC 26.1-01-07.4

**Law Implemented:** NDCC 26.1-01-07.4

**45-06-09-04. Commissioner duties - Filing requirements - Audits and examinations.**

1. The commissioner has the authority to regulate the establishment and conduct of health insurance purchasing cooperatives as set forth in this chapter.
2. The commissioner has the authority to conduct financial and performance audits on health insurance purchasing cooperatives operating in the state. The costs of such audits shall be the responsibility of the purchasing cooperative.
3. Each health insurance purchasing cooperative doing business in the state shall file with the commissioner the following information or documents:
  - a. A business plan for approval by the commissioner.
  - b. Annual reports identifying the number of individuals insured through the cooperative, the names of insurance companies providing coverage to cooperative members and rates charged for insurance policies provided through the cooperative, and any proposed changes in the business plan of the cooperative.
4. a. A health insurance purchasing cooperative may not enter the marketplace until the commissioner has approved the business plan.
  - b. Any material changes to the business plan must be submitted to the commissioner for approval prior to implementation.

**History:** Effective August 1, 1994.

**General Authority:** NDCC 26.1-01-07.4

**Law Implemented:** NDCC 26.1-01-07.4

**45-06-09-05. Business plan.** A health insurance purchasing cooperative shall submit a business plan for review and approval by the commissioner. The business plan must include the following information:

1. The specific steps by the health insurance purchasing cooperative to advance cost control, quality improvement, and improved access to health insurance and health care services.
2. The scope of health insurance purchasing cooperative services to be offered in the service territory and the resources and expertise to be used to implement and administer the plan.
3. The corporate chart, bylaws, and other business operation documents of the health insurance purchasing cooperative.
4. A list of officers and directors of the health insurance purchasing cooperative and the contract administrator if one is employed.
5. Evidence of adequate security and prudence in the accounting, deposit, collection, handling, and transfer of moneys.
6. Any other information required by the commissioner to verify the purchasing group is qualified to administer the benefit plan.

**History:** Effective August 1, 1994.

**General Authority:** NDCC 26.1-01-07.4

**Law Implemented:** NDCC 26.1-01-07.4

#### **45-06-09-06. Conflict of interest.**

1. Health care providers or insurers offering competing products within the same service territory may not participate in a health insurance purchasing cooperative as a sponsor or administrator.
2. A health insurance purchasing cooperative sponsor or administrator may not be an employee or a subsidiary of a health care provider or insurer offering competing products within the same service territory.
3. The employees of a health care provider or insurer may receive services through a health insurance purchasing cooperative. The employer may vote in corporate governance elections for officers and directors. A health care provider, insurer, or an employee of a health care provider or insurer may not serve as an officer or director of a health insurance purchasing cooperative.

**History:** Effective August 1, 1994.

**General Authority:** NDCC 26.1-01-07.4

**Law Implemented:** NDCC 26.1-01-07.4

**45-06-09-07. Insurance risk.** A health insurance purchasing cooperative may bear no insurance risk and may not self-insure.

**History:** Effective August 1, 1994.

**General Authority:** NDCC 26.1-01-07.4

**Law Implemented:** NDCC 26.1-01-07.4

**45-06-09-08. Bonding protection.** Health insurance cooperatives collecting premiums shall provide bonding coverage for cooperative employees handling funds. Evidence of bond coverage sufficient to cover the volume of premium collected by the purchasing cooperative must be filed with the annual report required under subdivision b of subsection 3 of section 45-06-09-04.

**History:** Effective August 1, 1994.

**General Authority:** NDCC 26.1-01-07.4

**Law Implemented:** NDCC 26.1-01-07.4